



7710-12

POSTAL SERVICE

39 CFR Part 501

Revisions to the Requirements for Authority to Manufacture and Distribute Postage

Evidencing Systems

AGENCY: Postal Service™.

ACTION: Proposed rule.

SUMMARY: The Postal Service proposes a further revision to the rules concerning PC postage payment methodology. This change would add supplementary information to clarify the revenue assurance guidelines.

DATES: Submit comments on or before [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Mail or deliver written comments to the Manager, Payment Technology, U.S. Postal Service®, 475 L'Enfant Plaza SW, Room 3500, Washington DC 20260. You may inspect and photocopy all written comments at the Payment Technology office by appointment only between the hours of 9 a.m. and 4 p.m., Monday through Friday by calling 1-202-268-7613 in advance. Email and faxed comments are not accepted.

FOR FURTHER INFORMATION CONTACT: Marlo Kay Ivey, Business Systems Analyst, Payment Technology, U.S. Postal Service, (202) 268-7613.

SUPPLEMENTARY INFORMATION: On July 17, 2015, the United States Postal Service published a final rule to revise the rules concerning authorization to manufacture and distribute postage evidencing systems and to reflect new revenue assurance practices (80 FR 42392). Postage collection under the new rules will start on March 20, 2017. This document proposes additional changes with regard to revenue assurance which would support our efforts to collect the appropriate revenue on mail pieces in a more automated fashion. If adopted, the proposed clarifying changes would also be implemented on March 20, 2017. The revenue assurance

guidelines can be found in 39 CFR 501.16, and on <https://ribbs.usps.gov> in the site index of Automated Package Verification (APV) documents, named *APV Standard Operating Procedure (SOP)*.

List of Subjects in 39 CFR Part 501

Administrative practice and procedure.

Accordingly, for the reasons stated, the Postal Service proposes to amend 39 CFR part 501 as follows:

PART 501 — AUTHORIZATION TO MANUFACTURE AND DISTRIBUTE POSTAGE

EVIDENCING SYSTEMS

1. The authority citation for 39 CFR part 501 continues to read as follows:

Authority: 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 410, 2601, 2605, Inspector General Act of 1978, as amended (Pub. L. 95-452, as amended); 5 U.S.C. App. 3.

2. In § 501.16, revise paragraph (i) to read as follows:

§ 501.16 PC postage payment methodology.

* * * * *

(i) *Revenue assurance.* (1) The PC Postage provider must support business practices to assure Postal Service revenue and accurate payment from customers. For purposes of this paragraph and the Automated Package Verification (APV) Standard Operating Procedure (SOP) document available at <https://ribbs.usps.gov/index.cfm?page=apvs>, *PC Postage provider* and *PC Postage vendor* shall mean *providers* who offer *PC Postage products* (as such terms are defined in § 501.1) and shall also include Click-N-Ship and postage resellers when such resellers transmit postage revenue to the Postal Service in any manner other than through a PC Postage provider. With respect to such transactions, the resellers, and not the PC Postage providers who provide the labels, are responsible for complying with this paragraph. For the purpose of this paragraph, a *reseller* is an entity that obtains postage through a PC Postage

provider and is authorized to resell such postage to its customers pursuant to an agreement with the Postal Service. For example, an entity that sells postage to its customers, but uses a PC Postage provider to enable its customers to print postage labels, is a “reseller” hereunder. If that entity collects postage revenue from its customers and transmits it to the Postal Service directly (instead of through the PC Postage provider) that entity shall be deemed a “PC Postage provider” hereunder.

(2) (i) For the purposes of this paragraph, a *postage adjustment* is defined as the difference between the postage or fee paid for a service offered by the Postal Service and the published or negotiated rate for that service indicating the postage due to the Postal Service, at the time the mail piece is entered into the mailstream.

(ii) When the collection of a postage adjustment or the provision of a refund is appropriate because a customer has underpaid or overpaid the amount of postage that should have been paid, and such postage adjustment exceeds a threshold amount to be set by the Postal Service from time to time in its sole discretion, the PC Postage provider shall, upon the Postal Service’s request, take steps to pay, collect, or refund, as applicable, the postage adjustment. The Postal Service will supply the PC Postage provider with the details necessary to explain the correction and the amount of the postage adjustment to be used in the adjustment process. As part of this process, the PC Postage provider shall enable customers to submit electronic disputes of postage collections to the Postal Service.

(iii) (A) In the case of an underpayment that exceeds the threshold amount, the PC Postage provider is required to pay the postage adjustment directly to the Postal Service; notify the customer and take steps to collect the postage adjustment, including but not limited to adjusting the funds available to the customer in the Postage Evidencing System; or (if directed by the Postal Service) facilitate customer payment by invoicing the customer or using other methods available to access funds of the customer.

(B) In the case of an overpayment that exceeds the threshold amount, the PC Postage provider is required to notify the customer and take steps to refund the postage adjustment or provide a credit to the customer.

(C) In either case, the PC Postage provider is required to address any postage discrepancies within a time period to be set by the Postal Service not to exceed 60 calendar days after initial notification by the Postal Service, subject to any applicable notification periods and dispute mechanisms that may be available to customers for these corrections.

(iv) (A) When an underpayment has occurred, the PC Postage provider shall prohibit the customer from printing additional postage labels until the postage adjustment is satisfied. The Postal Service may, in its sole discretion, waive or delay this prohibition in specific instances.

(B) Separately, in certain cases, such as where a customer is suspected of having intentionally or repeatedly underpaid postage, the Postal Service may, in its sole discretion, instruct the PC Postage provider to temporarily suspend or permanently shut down a customer's ability to print PC Postage, and the PC Postage provider shall promptly comply with such instruction.

(v) The Postal Service, in its sole discretion, may adopt and modify from time to time, and the PC Postage providers shall comply with, business rules, developed in conjunction with the PC Postage providers setting forth processes (including time constraints) for payments, refunds, collections, notifications, dispute resolutions and other activities to be performed hereunder.

(3)(i) Without regard to any threshold, if the PC Postage provider incorrectly programmed postage rates, delayed programming postage rate changes, or otherwise provided systems or software which caused customers to pay incorrect postage amounts, then within two calendar weeks of the PC Postage provider being made aware of such error, the PC Postage provider shall:

(A) Correct the programming error; and

(B) Provide the Postal Service with a detailed breakdown of how the error affected the PC Postage provider's collection of revenue.

(ii) Without regard to any threshold, in the event of an underpayment, the PC Postage provider shall pay the Postal Service for the postage deficiency, except in instances where the error was caused by the Postal Service.

(4) The PC Postage provider is responsible for ensuring that:

(i) All customers pay (and the Postal Service receives) the current published prices or their negotiated contracted prices that are available to mailers who purchase postage through an approved PC Postage provider, in accordance with this paragraph; and

(ii) All payments to the Postal Service (or the log files necessary for the Postal Service to collect payments directly from customers) are complete and accurate and are initiated or transmitted, as applicable, to the Postal Service each day.

(5) Each PC Postage provider:

(i) Is responsible for informing customers and obtaining electronic acceptance from customers to ensure that customers are informed, understand and agree to these payment terms, including that customers may be charged for deficient payments before their initial software installation is completed;

(ii) Shall comply with applicable laws, rules and regulations and ensure that its Postage Evidencing System, software, interfaces, communications and other properties that are used to sell or market postal products accurately describe such products;

(iii) Shall cover any costs that the Postal Service may incur as a result of such PC Postage provider or its employees, contractors, or representatives failing to comply with the terms of this section; or any applicable law, regulation, rule, or government policy; and

(iv) In performing its obligations hereunder, shall comply with the APV SOP and all agreed-to interface documentation (as updated from time to time).

Stanley F. Mires,

Attorney, Federal Compliance.

[END DOCUMENT]

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